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PARENT CORPORATION RESPONSIBILITY FOR SUBSIDIARY CORPORATIONS

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In this era of mergers and acquisitions, the question is increasingly frequently asked whether a non-federally-involved subsidiary corporation is obligated to comply with OFCCP's three regulatory programs if the acquiring parent corporation is a covered federal contractor or covered federal subcontractor (i.e., is "federally-involved"). Conversely, the question is also asked whether a non-federally-involved parent corporation must comply with OFCCP's three regulatory programs if it acquires a subsidiary which has entered into federal contracts or federal subcontracts. Occasionally, the question also arises whether a non-federally-involved subsidiary must comply with OFCCP's three regulatory programs if it is owned by a non-federally-involved parent corporation which in turn owns a second subsidiary which is a covered federal contractor or covered federal subcontractor.

* **John C. Fox, Esq.** is the President and a founder of Fox, Wang & Morgan P.C., headquartered in San Jose, California in the heart of the Silicon Valley. Mr. Fox is an across-the-board employment lawyer representing employers nationwide. He leads large and complex litigation matters in state and federal courts, in cases involving trade secrets, wage-hour and discrimination class actions, wrongful termination, corporate investigations, and the use of statistics in employment matters. He also provides strategic advice for a wide range of companies nationwide relating to their employment policies and practices and helps build employment systems in a way designed to minimize legal risk. Mr. Fox was previously Executive Assistant to the Director of OFCCP, where he was in charge of all policy and enforcement matters. Mr. Fox has a broad-based view of the many legal issues involved in discrimination law and Affirmative Action compliance.

THIS OUTLINE IS MEANT TO ASSIST IN A GENERAL UNDERSTANDING OF THE CURRENT LAW RELATING TO "SINGLE-ENTITY" ISSUES. IT IS NOT TO BE REGARDED AS LEGAL ADVICE. COMPANIES OR INDIVIDUALS WITH PARTICULAR QUESTIONS SHOULD SEEK ADVICE OF COUNSEL.

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